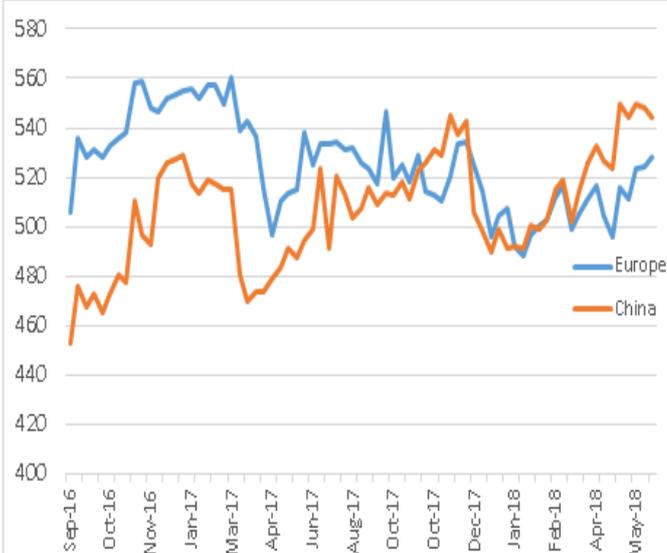




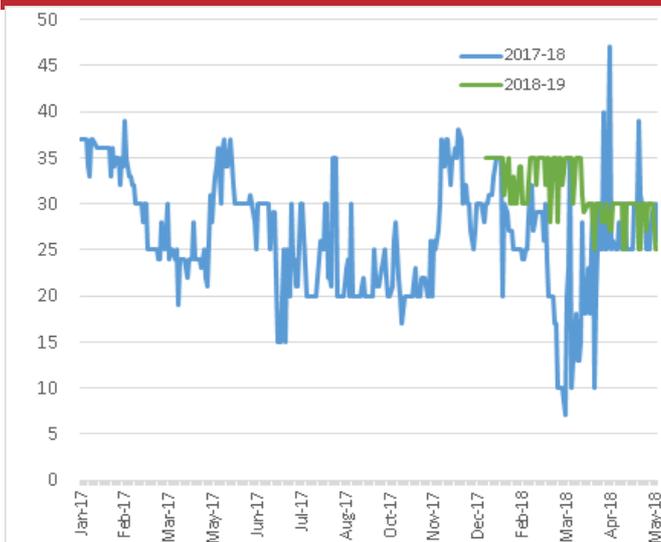
LACHSTOCK
CONSULTING

GM CANOLA DATA DASHBOARD

EU-CHINA Prices (A\$ track eq.)



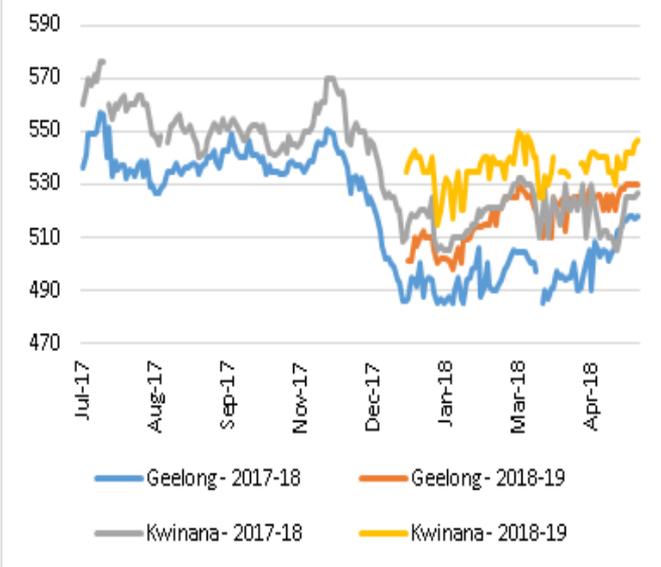
Kwinana GM Spread



18/19 Export Matrix ('000mt)

	Australia	Canada	Ukraine	Total
Bangladesh	0	60	60	120
China	0	5,100	0	5,100
EU-27	2,080	200	1,150	3,600
Japan	175	2,200	0	2,375
Mexico	0	1,550	0	1,650
Pakistan	0	550	325	975
UAE	200	600	50	850
Other	70	740	90	1,100
Total	2,525	11,000	1,675	15,770

Geelong/Kwinana Price



Production Matrix

Canola (MMT)	2017/18	2018/19	GM %
Australia	3.468	2.923	22%
EU-27	21.8	21.7	0%
Canada	21.5	22.3	97%
Ukraine	2.45	2.1	0%
World	74.489	74.673	30%

MONSANTO



roundupreadycanola.com.au



LACHSTOCK
CONSULTING

GM CANOLA MARKET REPORT

GM SITE BID SHEET 18/19 prices

Site	ADM	AWB	Bunge	CBH	Plum Grove	Riverina	ROBE
Albany	519	-	525	525	520	-	-
Central Vic - X farm	-	-	-	-	-	508	-
CW NSW - X farm	-	-	-	-	-	484	-
Esperance	517	527	525	525	-	-	-
Geraldton	-	-	525	525	-	-	-
Goulburn Valley - X farm	-	-	-	-	-	511	-
Grong Grong	-	498	-	-	-	-	-
Kwinana	521	535	530	525	520	-	-
Mallee- X farm	-	-	-	-	-	493	-
Melbourne - Del	-	-	-	-	-	535	-
Moama	-	507	-	-	-	-	-
Newcastle - Del	-	-	-	-	-	535	-
Riverina - Del	-	-	-	-	-	520	-
Riverina NSW - X farm	-	-	-	-	-	507	-
Southern NSW - X farm	-	-	-	-	-	507	-
Wagga Market Zone	-	-	-	-	-	-	500
Wimmera - X farm	-	-	-	-	-	503	-

PORT EQUIVALENT BID SHEET—18/19 prices

Port	ADM	AWB	Bunge	CBH	Plum Grove	Riverina	ROBE
Albany	519	-	525	525	520	-	-
Central Vic - X farm	-	-	-	-	-	508	-
CW NSW - X farm	-	-	-	-	-	484	-
Esperance	517	527	525	525	-	-	-
Geraldton	-	-	525	525	-	-	-
Goulburn Valley - X farm	-	-	-	-	-	511	-
Grong Grong	-	543	-	-	-	-	-
Kwinana	521	535	530	525	520	-	-
Mallee- X farm	-	-	-	-	-	493	-
Melbourne - Del	-	-	-	-	-	535	-
Moama	-	533	-	-	-	-	-
Newcastle - Del	-	-	-	-	-	535	-
Riverina - Del	-	-	-	-	-	520	-
Riverina NSW - X farm	-	-	-	-	-	507	-
Southern NSW - X farm	-	-	-	-	-	507	-
Wagga Market Zone	-	-	-	-	-	-	500
Wimmera - X farm	-	-	-	-	-	503	-

*NB Robe prices are Jan 19 delivery, + \$4/mth carry till Oct 19
Riverina delivered/X farm prices are for January—June 19 Delivery

MONSANTO



roundupreadycanola.com.au



LACHSTOCK
CONSULTING

GM CANOLA MARKET REPORT

LOCAL MARKETS

Australian markets have firmed nicely through May due to weather concerns around the globe and ongoing weakness in the AUD. Export demand is around, and we expect to see canola vessels continue to leave our shores through our winter months. This is something that we have not been accustomed to in recent years with a European dominated trade flow. With higher prices in Canada and logistical constraints, we are seeing Asian demand start to edge its way back into Australia. Some "restrictions" remain for Aussie seed to make its way in to China, with many exporters being required to re-furbish their phytosanitary documentation and registrations to gain access to the market. The main driver however, has been the dry weather and late break we have suffered here in Australia, particularly in NSW. This past week in particular has seemingly provided enough cause for exporters to lift bids aggressively across the country in order to try and attract some farmer selling. Our crop forecast has been cut significantly already and without meaningful rain across NSW in particular this will continue to decline as poor canola germination and yield penalties become an increasing concern for local producers, more immediately than they are for wheat and barley crops.

WA: Prices have continued to push on export interest up \$5 since last report to \$540, GM spreads are steady. New crop prices (18/19) remain above \$550, despite some intra-month weakness and the welcome rain received last week in WA. GM spread steady at \$30.

NSW/VIC: Old crop has stabilised, but will start to get another lift from new crop strength, prices in higher \$520s in VIC, GM spread remains at a slight discount. New crop is finally reacting to the weather and VIC prices are >\$550.

GLOBAL MARKETS

Weather is always the focus around the globe at this critical time of the year. Canada is expecting a huge crop and whilst planting is all but complete, dry weather has meant the crop is not in ideal condition. Rain forecast across the drier southern regions of the canola belt will help alleviate these concerns and there is still plenty of time for the crop to recover and get into a more stable situation. Dry at the end of May is not ideal, but it is not critical like dry weather at the end of June. Will remain on watch until they receive significant precipitation to buffer them as they move through late summer. In Europe, conditions have also been less than ideal. Crop conditions in Germany in particular have been below average and forecasts have been reduced. This sentiment is somewhat generalized across the continent. The dry weather in Ukraine is not as concerning for the rapeseed growing area, allowing production forecasts to remain optimistic. In China, wet weather has hampered harvest and quality, which again continues to restrict their capacity to defend a large import program. As a result we can expect the last of the 1mmt of China rape-oil reserves to come to the market via auction in due course. Demand wise, for much of the 17/18 season, Argentine biodiesel has flooded the EU market, along with US soybeans. Both at the expense of canola crush and domestic canola oil demand. With the US-China politics hinting more stability and the EU appeal to the WTO on Argentine subsidies, likely to be successful, and imports now needing to be registered. The likelihood of a retrospective tax is high and will come in affect in time for the 2018 harvest, pushing demand back to canola.

CASE STUDY - Trading a Drought?

"This weather is getting ugly how do we trade or manage a drought environment?"

Firstly, whilst conditions are truly critical across much of NSW, we are a long way from trading a national drought. Secondly, there is no point getting caught up in the bright lights of \$600 + price expectations if you are not confident in your own production, it is all theoretical in that instance. All said, even in a drought we still need to keep an eye on the global market. With potential for decent EU, Ukraine and Canadian crops, Australia is not going to influence the world market maybe as much as it has in the past. Even with a crop sub 3mmt for the first time in a number of years. Sentiment changes quickly, and any rain that comes will obviously do much more for bottom line via yield than what an extra \$20 brings you in price. Its important to remain objective and try as best you can to not get caught up in market hype around weather, which you are already directly exposed too. Set your realistic maximum volume sales limits, so as to find a balance between too much production risk and too little. 25mm in many parts of the country and world changes things quickly, so focus on assessing production risk on your patch and leave the hysteria of drought markets in check. Keep one eye on 19/20 season markets too.

MONSANTO



roundupreadycanola.com.au